

TENNESSEE STATE FUNDING BOARD
September 15, 2015

The Tennessee State Funding Board (the "Board") met on Tuesday, September 15, 2015, at 2:00 p.m., in the Executive Conference Room, State Capitol, Nashville, Tennessee. The following members were present:

The Honorable Tre Hargett, Secretary of the State of Tennessee
The Honorable Justin Wilson, Comptroller of the Treasury
The Honorable David Lillard, State Treasurer
Commissioner Larry Martin, Department of Finance and Administration

The following members were absent:
The Honorable Bill Haslam, Governor

Seeing a physical quorum present, Mr. Wilson called the meeting to order and asked for approval of the minutes from the August 13, 2015, Board meeting. Mr. Hargett made a motion to approve the minutes. Commissioner Martin seconded the motion, and it was unanimously approved.

Mr. Wilson then recognized Mr. Allen Borden, Assistant Commissioner, Tennessee Department of Economic and Community Development ("ECD"), to present FastTrack projects for consideration and Mr. Paul VanderMeer, Senior Financial Advisor, ECD, to present the FastTrack funding report. Mr. VanderMeer reported that, as of the date of the last Board meeting, the FastTrack balance was \$179,617,042.63 and since that time, new appropriations, representing the interest earned for fiscal year 2015, had been received in the amount of \$20,243.22; \$454.60 in funds had been deobligated and returned to the FastTrack program; and \$2,016,920.00 in new loans had been approved, which resulted in an adjusted FastTrack balance available for funding grants or loans of \$177,620,820.45 as of today's meeting. Mr. VanderMeer reported that commitments in the amount of \$152,702,758.35 resulted in an uncommitted FastTrack balance of \$24,918,062.10. Mr. VanderMeer reported that the projects to be considered at this meeting totaled \$6,506,000, and if these projects were approved, the uncommitted balance would be \$18,412,062.10, or 89.6% of FastTrack funds committed.

Mr. Borden stated that the projects were being presented to the Board because state law required that FastTrack projects in amounts exceeding \$750,000 per eligible business within any three-year period be reviewed and approved by the Board. Mr. Borden then presented the following FastTrack projects:

- **Amedysis Holding, LLC – Nashville (Davidson Co.)**
FastTrack Economic Development \$ 900,000
- **Denso Manufacturing Tennessee, Inc. – Maryville (Blount Co.)**
FastTrack Infrastructure Development \$ 5,000,000
- **Ryder Integrated Logistics – Spring Hill (Maury Co.)**
FastTrack Job Training Assistance \$ 606,000

Mr. Wilson stated that the Board received a signed letter from Mr. Randy Boyd, Commissioner of ECD, which stated that the projects met all the statutory requirements, and a signed FastTrack Checklist for each of the projects under consideration. Mr. Wilson inquired if the information contained in the letter and checklists was true and correct, and if the signature was that of Commissioner Boyd. Mr. Borden responded affirmatively. Mr. Hargett made a motion to approve the FastTrack grants for the projects presented. Commissioner Martin seconded the motion, and it was unanimously approved.

Mr. Wilson then presented for consideration and approval a “Resolution Authorizing and Providing for the Issuance and Sale of General Obligation Bonds of the State of Tennessee” (the “Bond Resolution”) for the proposed 2015 bond sale. Mr. Wilson explained that the Bond Resolution authorized the issuance of new money bonds to fund Economic and Community Development grants and other capital projects of the State and for the issuance of bonds to refund certain outstanding General Obligation Bonds as well funding certain costs of issuance. Mr. Wilson explained that the Bond Resolution provided for bonds to be sold through either a competitive or negotiated sale; however, Mr. Wilson noted that the packet contained a letter prepared by Public Financial Management (PFM), the Board’s financial advisor, that recommended a negotiated bond sale due to potential refinancing opportunity for savings and municipal market interest rate volatility associated with current market conditions. Mr. Wilson stated the Bond Resolution authorized the issuance of both tax-exempt and taxable bonds with interest rates not to exceed 5% and 6% respectively. The Bond Resolution stated that the new money bonds shall be issued in an amount not to exceed \$400,000,000. The Bond Resolution required that the bonds meet the criteria set forth in the Board’s Debt Management Policy, which includes the requirement that the refunding should result in aggregate present value savings of at least 4%.

Mr. Wilson stated that the State issued a Request for Proposals (RFP) for a potential bond sale in early 2015 that did not move forward due to market conditions at the time. Mr. Wilson explained that PFM recommended the State move forward with the previously selected underwriting team to serve on the refinancing earlier this year with Morgan Stanley as a Senior Managing Book-Runner.

Mr. Wilson stated that the Board members’ packets included a draft Preliminary Official Statement, a Bond Purchase Agreement, a Refunding Trust Agreement and Continuing Disclosure Undertaking in substantive form.

Mr. Wilson also stated that the Bond Resolution repealed a previous Resolution that the Board had adopted on February 26, 2015 for the previously mentioned canceled sale. Mr. Hargett made a motion to approve the Bond Resolution, to select Morgan Stanley as Senior Managing Book-Runner and to delegate the authority to sell and finalize the details of the Bonds to the Comptroller. Commissioner Martin seconded the motion, and it was unanimously approved.

Mr. Wilson then presented for consideration and approval a “Resolution of the State Funding Board to Approve Sale of Real Estate Financed with the Proceeds of the Sale of Tax Exempt Bonds or Notes”. Mr. Wilson noted that this Resolution addressed the sale of properties purchased for the Department of Intellectual and Developmental Disabilities (“DIDD”) that had been funded with the proceeds of tax exempt bonds and notes. These properties now needed to be sold because

they were no longer going to be used for the intended purpose. Commissioner Martin made a motion to approve the Resolution. Mr. Hargett seconded the motion, and it was unanimously approved.

Mr. Wilson then commented that since state law requires the revenue estimating process to begin in November of each year, staff would begin scheduling those Board meetings to take place in November.

After requesting other business and hearing none, Mr. Wilson adjourned the meeting.

Approved on this 13th day of November 2015.

Respectfully submitted,



Sandra Thompson
Assistant Secretary